

House Property Tax Proposal

Opposed by League of Cities (Red provisions are unsustainable, remaining provisions are acceptable within the Senate framework)

- Retains a hard 2% revenue cap on all levies outside debt service
 - Retains the restriction of the \$8.10 CGFL levy limitation regardless of a city's revaluation growth rate
- Retains variable Rollback with Residential-Ag. tie
- Replaces existing military and senior Homestead Credits with an increased Homestead Exemption of \$15k on top of maintaining the variable rollback

- Retains releases from Abatement in the definition of New Valuation exempt from the 2% cap
 - TIF releases are still not included in this definition
- Requires cities establish an "obligated funds account" which will hold any funds that are being saved for large equipment purchases/maintenance of horizontal/vertical infrastructure
 - Keeps the limit on "unassigned reserve funds" outside this account at 35% of cities general fund
- Adopts League policy solution to allow for essential operations costs for infrastructure/capital improvement projects and large equipment
- Includes League's improved taxpayer notice language
- Adds 2nd date for bond referendums in June, but prohibits bond referendums on two consecutive election dates
- Houses a commission within the IEDA with \$10M appropriated budget to award grant funding for local governments pursuing consolidation and service sharing opportunities
- If a taxpayer's property assessment has increased by 10% or more, the assessor must provide a statement of reasons for the increase specifying what caused the increase
- Requires county auditors to annually submit parcel-level data to the Department of Management
- Adopts a "FirstHome Iowa Program" to assist first-time homebuyers with the purchase of a home
- Lowers school foundation levy from \$5.40 to \$4.90
 - Adds the ability of a school district to opt-in all or a portion of the school foundation levy if approved by resolution
- Removes increase of the Business Property Tax Exemption from \$150k to \$350k
- TIF Provisions:
 - Repeals Section 403.22 relating to LMI
 - Takes the school foundation levy out of **future** TIF agreement diversion
 - Takes voluntary EMS levies out of TIF diversion immediately upon enactment
 - For Perpetual TIFs:
 - 20 years after the effective date a city is limited to receive a max of 60% of the TIF increment generated. Any amount above 60% must be allocated to the other taxing entities
 - Future TIF agreements limited to 23 years

